

ANALYSIS OF DESIGNATION OF PARTICIPANTS  
UNDER SECTION 203 OF THE CIA RETIREMENT ACT



December 1982

25X1

S-E-C-R-E-T

## C O N T E N T S

	<u>Page</u>
Part I. INTRODUCTION.....	1
Why this Study was Made.....	1
Scope of this Report.....	3
How the Study was Conducted.....	4
How the Report is Organized.....	4
Part II. WHAT HAPPENED DURING THE REPORTING PERIOD.....	5
CIA Retirement Board.....	6
Qualifying Service Used in Current Retirements.....	10
TABLE A - Non-Disability Retirees by Qualifying Service.....	12
TABLE B - Months of Domestic Service Approved as Qualifying.....	12
TABLE C - Months of Qualifying Service by Type.....	13
Changes in CIA Retirement Act.....	14
The Omnibus Budget Reconciliation Act of 1982.....	15
The Central Intelligence Agency Spouses Retirement Equity Act of 1982.....	17
The Tax Equity and Fiscal Responsibility Act of 1982.....	18
Executive Orders.....	19
Agency Regulations.....	19
Part III. STATISTICAL DATA.....	20
Participation in CIARDS.....	20
Designations and Removals.....	21
CIARDS Participation Based on Domestic Service.....	21
CIARDS Retirement Eligibility.....	22
Retirements in the Fiscal Year 1982.....	22
Retirements from 1965 to 30 September 1982.....	22
Qualifying Service.....	23
Age Comparisons.....	24
Tables	
1. Participation in CIARDS.....	25
2. CIARDS Designations and Removals.....	26
3. CIARDS Participation Based in Part on Domestic Qualifying Service.....	27

S-E-C-R-E-T

4.	<u>CIARDS Retirement Eligibility.....</u>	27
5.	<u>Retirements by Source.....</u>	28
6.	<u>Retirements by Attained Age.....</u>	29
7.	<u>CIARDS Retirements by Total Federal Service.....</u>	30
8.	<u>Employees Retired under CIARDS at Age 50, by Years of Service.....</u>	31
9.	<u>CIARDS Retirements and Deaths in Service.....</u>	32
10.	<u>Civil Service Retirements.....</u>	33
11.	<u>Total Retirements by System.....</u>	34
12.	<u>Average Age of Retirees.....</u>	35
13.	<u>Retirements by Age Groups.....</u>	36
14.	<u>Retirements by Grade.....</u>	37
15.	<u>Percent of GS Retirements at GS-12 and Above.....</u>	38
16.	<u>Non-Disability CIARDS Retirees by Type of Qualifying Service.....</u>	39
17.	<u>Months of Domestic Service Approved as Qualifying.....</u>	39
18.	<u>Non-Disability CIARDS Retirees by Months of Qualifying Service.....</u>	40
19.	<u>Age and Grade Comparisons.....</u>	41
20.	<u>Age Group Comparisons.....</u>	42
21.	<u>Operations Career Service Personnel.....</u>	43
22.	<u>Comparative Age Distribution.....</u>	44
Part IV.	<u>FINDINGS AND CONCLUSION.....</u>	45
	<u>Findings.....</u>	45
	<u>Conclusion.....</u>	46

S-E-C-R-E-T

PART I  
INTRODUCTION

WHY THIS STUDY WAS MADE

This is the seventh in a series of annual reports which the Central Intelligence Agency submits to appropriate committees of the Congress. The report is primarily a review of the manner in which the Agency exercises discretion given by law to the Director of Central Intelligence to designate employees for participation in CIARDS, the special retirement system established for certain employees of the Agency.

25X1

CIARDS, the Central Intelligence Agency Retirement and Disability System, was established by law in 1964.<sup>1</sup> The law authorized the Director of Central Intelligence to establish a retirement system, and gives him discretion to decide which employees will be designated for participation. His discretion is not total, but must be exercised within broad general guidelines spelled out in the law and made somewhat more specific by regulation. To qualify for participation, an employee must perform service of a type which meets established criteria.

25X1

All overseas<sup>2</sup> service is qualifying for participation, regardless of the location of employment or the type of duties performed.

25X1

Domestic service is qualifying only if it:

1. Involves a substantial risk to the life or health of the employee;
2. Requires the continued practice of tradecraft for the purpose of maintaining personal cover; or,

- 
1. Central Intelligence Agency Retirement Act of 1964 for Certain Employees, 50 U.S.C. 403.
  2. More specifically, any place outside the fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and GUAM.

S-E-C-R-E-T

3. Is so specialized or sensitive that security regulations will probably prevent the employee from obtaining outside employment in his or her field of qualification. ☐

25X1

An employee may be designated for CIARDS participation only after completing at least sixty months of qualifying service. ☐

25X1

During the hearings that preceded enactment of the CIA Retirement Act in 1964, both the Congressional Committees and the Agency recognized an intent that the new system would apply to a limited number of employees. Estimates ranged from about one fourth to about one third of all employees, with a general consensus of about 30 percent ☐

25X1

The original report in this series was requested in 1976 by the Armed Services Committee of the House of Representatives. In the course of considering a then pending Bill, H.R. 13615, some of the Committee Members expressed concern that the Agency might be following a more liberal policy of designating employees for CIARDS than was intended by the Congress. The Committee expressed this concern, and directed the Agency to submit annual reports, using the following language in its report on the Bill H.R. 13615:

"When the CIA Retirement Act was originally considered by Congress in 1964 particular attention was focused on section 203 of the Act, which authorizes the Director to designate 'such Agency officers and employees whose duties are determined by the Director to be (i) in support of Agency activities abroad hazardous to life or health or (ii) so specialized because of security requirements as to be clearly distinguishable from normal government employment, hereafter referred to as participants, who shall be entitled to the benefits of the system'. Essentially that provision was the basis for creating a separate retirement system and it was the intent of Congress that this system should apply to the relatively small percentage of Agency employees who were actually subjected to these very special hazards.

"During the course of consideration of this legislation there have been indications that in recent years there may have been deviations on the part of the Agency in administering this separate

S-E-C-R-E-T

system from a strict application of the provisions of section 203 in designating officers and employees as participants in the CIA Retirement system in line with the original intent of Congress when that system was created.

"Accordingly, in the exercise of its oversight function the Committee has directed that the CIA conduct a careful analysis of the application of the qualifying provisions of section 203 of the CIA Retirement Act in designating participants with reference to the special circumstances justifying their inclusion, and that the results of such analysis be reported to the Committee by the Director of Central Intelligence not later than October 1, 1976, and on an annual basis thereafter."

25X1

The first and second annual reports were submitted to the House Armed Services Committee. Since jurisdiction over the Central Intelligence Agency was assigned to the House Permanent Select Committee on Intelligence, the annual reports have been submitted to the current Committee, which has made clear its expectation that the Agency will continue the annual studies and reports.

25X1

#### SCOPE OF THIS REPORT

This study and report are for the fiscal year which began 1 October 1981 and ended 30 September 1982.

25X1

The study consisted primarily of a review of all actions involved in the Agency's exercise of discretion in designating employees for participation in CIARDS, and in determining whether service is qualifying. These actions were examined for compliance with the law and the regulations, and for consistency with established Agency policies.

25X1

The end results of the Agency's determinations are reflected in a series of statistical tables. The data reflect the extent to which the Agency has carried out the Congressional intent to maintain CIARDS as a retirement system for a limited number of employees.

25X1

The report covers some of the year's events that will affect CIARDS and its administration.

25X1

S-E-C-R-E-T

### HOW THE STUDY WAS CONDUCTED

During the course of this study, the writer had access to all records and other information pertinent to the Agency's administration of CIARDS. Cooperation was freely extended at all organizational levels. ☐

25X1

Review consisted in part of extensive inspection of Agency files, including individual case records. Actions of the CIA Retirement Board were evaluated through a reading of the verbatim transcripts of all meetings held during the fiscal year, and by attendance as an observer at a meeting of the Retirement Board. ☐

25X1

Analysis of the statistical results of the Agency's administration of CIARDS provided insight into the extent to which the Agency is observing the law, the regulations, and the intent of Congress. ☐

25X1

### HOW THE REPORT IS ORGANIZED

The report consists of the following four parts:

PART I INTRODUCTION

PART II WHAT HAPPENED DURING THE YEAR

PART III STATISTICAL DATA

PART IV FINDINGS AND CONCLUSION ☐

25X1

S-E-C-R-E-T

## PART II

## WHAT HAPPENED DURING THE FISCAL YEAR

During the fiscal year ending 30 September 1982, the period covered by this study and report, there were no changes in the law, the regulations, or Agency policy that will have any bearing on the exercise of discretion to designate employees for participation in the Central Intelligence Agency Retirement and Disability System, or in determining whether service is qualifying for designation and participation. ☐ 25X1

Only 20.4 percent of Agency employees are now participants in CIARDS. This participation is less than last year, and is at the lowest level since employees were originally designated for participation in 1965 and 1966. The System has been completely purged of participants who have completed less than sixty months of qualifying service. ☐ 25X1

Only ☐ employees retired under CIARDS during the year. This is slightly less than the ☐ who retired in 1981, and only about one-third of the ☐ who retired in 1973. ☐ 25X1

Legislation amending government retirement systems took on a new thrust during the year. Over a period of many years retirement systems were amended from time to time to make them more liberal, to provide new and improved benefits, and in general to make government service more attractive to current and prospective employees. We are now in a new and somewhat threatening phase. Legislation enacted in 1981 and 1982 has had the effect of deliberalizing retirement systems, of lowering future retirement incomes, and of being concerned more with reducing budget outlays than with the effectiveness of retirement systems as one of the tools of management. This new trend will be quite apparent from the brief descriptions of 1982 legislation in the pages that follow. ☐ 25X1

S-E-C-R-E-T



CIA RETIREMENT BOARD

Administration of the Central Intelligence Agency Retirement and Disability System is vested in the Director of Central Intelligence. His responsibility includes, among other important tasks, the designation of employees for CIARDS participation.

25X1

The DCI has delegated much of his CIARDS authority to the Director of Personnel, who is assisted by the CIA Retirement Board.

25X1

The Retirement Board consists of five members appointed by the Director of Personnel. The Chairman and each of the other four Board Members are senior officials of the Agency, and each represents a directorate.

25X1

Only one change in Board membership occurred in the past year. The new member was appointed in October 1981. The Chairman has served in that capacity since 1973, and the other continuing Members were appointed in August 1980, April 1981, and June 1981.

25X1

There is no requirement that the Director of Personnel or Members of the CIA Retirement Board be participants in CIARDS. The present Director of Personnel and three Members are CIARDS participants; two members of the Board are in the Civil Service Retirement System.

25X1

A Legal Advisor, a Technical Advisor, an Executive Secretary, and a Recording Secretary supply Staff services to the Board. They attend meetings but do not vote. The Executive Secretary prepares an agenda for each meeting, presents items for discussion and Board action, and prepares the minutes for each meeting. The Recording Secretary produces a verbatim transcript of the proceedings of each meeting.

25X1

All CIARDS decisions are made and actions approved by the Director of Personnel. In each instance he acts only after the CIA Retirement Board

S-E-C-R-E-T

has considered the circumstances and recommended an action to be taken. ☐ 25X1

The Board met ten times during the fiscal year ending 30 September 1981. The shortest meeting was twenty minutes, the longest was one hour and forty-five minutes, and the average meeting time was fifty-three minutes. ☐ 25X1

During the fiscal year the Board made recommendations that resulted in the following actions:

<input type="checkbox"/> designations for CIARDS participation	25X1
<input type="checkbox"/> removals from CIARDS	
<input type="checkbox"/> domestic service cases approved	
<input type="checkbox"/> domestic service cases disapproved	
<input type="checkbox"/> CIARDS retirements <input type="checkbox"/>	25X1

Most of the time spent by the Board in its deliberations is spent considering applications for approval of domestic service as qualifying for participation in CIARDS. A minimum of time is spent approving the designation of an employee who meets all requirements and whose service includes at least sixty months overseas. Similarly, it takes very little time to approve the retirement of an employee whose service record shows that he or she meets the age and service requirements. ☐ 25X1

One example may serve to illustrate how seriously the Board considers its responsibility to recommend approval of domestic service as qualifying only if it complies fully with the wording and intent of the law, the regulations, and Agency policy ☐ 25X1

An employee applied for approval of some of his domestic service, presenting a memorandum through channels describing at length the duties he had performed and setting forth the reasons he believed the service met the requirement of "a substantial risk to the life or health of the employee". His directorate certified that he had been involved in the activities he claimed, and recommended that his application for participation in CIARDS be approved. ☐ 25X1

S-E-C-R-E-T

The Board at its next meeting discussed the case rather briefly. They recognized that the specific duties involved had not been considered in any previous case, but that there were a few other Agency employees who would probably qualify for designation if the Board found the service to be qualifying. No decision about the service was reached, but the Board decided to ask the applicant to meet with the Board at its next meeting.

25X1

The applicant did appear at the next meeting and orally amplified his description of the domestic duties he considered qualifying. Members of the Board questioned him at length about the type and frequency of his hazardous duties, and about the degree of risk involved. The Board decided to ask for more information from a superior officer of the applicant, and from a representative of the Office of Medical Services, with both to be invited to a future meeting.

25X1

At the subsequent meeting, the applicant's superior officer amplified the description of duties and gave his views as to the type and degree of hazard involved. His comments gave the Board a perspective that provided additional insight into the merits of the application.

25X1

At the same meeting, the medical officer discussed a study of the emotional effects of performance of duties in a well known position outside the Agency. He expressed the opinion that while the duties of the applicant were not identical, they exposed the employee to physical dangers and emotional stress of a similar nature, and he believed the service did indeed involve a substantial risk to the life or health of the employee.

25X1

The medical officer also presented the results of a study he had made of all Agency employees who had performed similar duties. He found an abnormally high incidence of medical problems that might well have been related to the nature of the duties. He later gave the Board a written report of his findings.

25X1

S-E-C-R-E-T

The Board, after lengthy discussion at a fourth meeting on this application, decided to recommend approval of the domestic service, and designation of the employee for CIARDS participation. ☐

25X1

This case has been described in this report, not because of the specifics involved, but rather as an illustration of the degree of care exercised by the Board in its deliberations. Future cases involving the same type of duties will not be approved automatically. Instead, each case will be considered on its own merits, and will be approved only if the employee and his directorate present satisfactory evidence of substantial risk to life or health actually encountered by the applicant. However, the information gathered in this case, including the verbatim transcripts of the four meetings, will be extremely helpful in the resolution of future cases. ☐

25X1

A reading of the transcripts of the Board's meetings, and attendance as an observer at a meeting, indicate that the Board continues to adhere strictly to the law, the regulations, and the policies of the Agency in making its recommendations in individual cases. This writer did not find any exceptions or deviations. ☐

25X1

S-E-C-R-E-T

QUALIFYING SERVICE USED IN CURRENT RETIREMENTS

The criteria for considering service to be qualifying for CIARDS participation, and for retirement under the System, are spelled out in the Agency Regulations.  now reads as follows:

(12) "Qualifying service," for purposes of designation and continued participation, means performance of duty as an Agency employee:

- (a) When assigned either PCS or TDY to any place outside the fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam;
- (b) Which in support of Agency activities abroad requires a substantial risk to the life or health of the employee;
- (c) Which requires the continued practice of tradecraft under conditions of most stringent security for the purpose of maintaining personal cover in support of Agency activities; or
- (d) Which, when retirement is imminent, is adjudged to have been so sensitive or so specialized that security requirements forbid disclosure of this duty and that as a result, it is unlikely the employee will be able to obtain employment for which otherwise qualified."

In 1973 the Director of Central Intelligence agreed to comply with a request from the House Permanent Select Committee on Intelligence to supply that Committee with "annual summaries of CIARDS retirements which are not based solely on overseas service". Annual summaries to comply with this request are regularly included in this report, and the summary follows.

Of the  employees who retired under the non-disability provisions of the CIA Retirement Act during F.Y. 1982,  had sixty or more months of overseas service and thus did not need any qualifying domestic service to be eligible for retirement. Each of the remaining  employees had some overseas service, ranging from 5 months to 48 months, and averaging 30 months per employee.

The domestic service of one of these employees was approved as qualifying under subparagraph (12)(b) of the regulations, based on hazard. The service

S-E-C-R-E-T

of each of the other [ ] was approved under (12)(c) because of the practice 25X1  
of tradecraft [ ] 25X1

No employee retired during the year based solely on qualifying domestic service, and no employee used domestic service qualifying under paragraph (12)(d) based on inability to obtain other employment because at the time of retirement security reasons prevented disclosure of the duties performed. None used any combination of (b), (c) and (d). [ ] 25X1

For further details, see TABLES A, B, AND C which follow. Also see TABLES 3, 16, and 17 in PART III. (U)

S-E-C-R-E-T

**Page Denied**

Next 1 Page(s) In Document Denied

25X1

25X1

25X1

25X1

STAT

CHANGES IN CIA RETIREMENT ACT

The "Central Intelligence Agency Retirement Act of 1964 for Certain Employees" authorized establishment of CIARDS, and spelled out its benefits and obligations. This Act could be changed only by another Act of Congress ☐

25X1

Most Federal employees are under the Civil Service Retirement System. As might be expected, most changes in the government's retirement policies were enacted first as amendments to Civil Service Retirement. Then each of the smaller retirement systems would seek and usually obtain similar legislation, but the length of time required for enactment of conforming legislation resulted in long delays and in administrative complications arising out of retroactive application of provisions. ☐

25X1

Public Law 94-522, enacted 17 October 1976, simplified the process of amending CIARDS. Each time legislation is enacted to amend the Civil Service Retirement System, the President is now authorized to issue an Executive order to conform CIARDS to the new CSRS Amendments. The effective dates of amendments to CIARDS provisions are the same as those enacted for CSRS ☐

25X1

Three steps are usually required for completion of amendments to CIARDS. First, CSRS is amended by Act of Congress, then the President issues an Executive order to conform CIARDS, and finally the Agency revises its regulations to reflect the new provisions. However, in authorizing the President to amend CIARDS by Executive order, the Congress did not relinquish its authority to amend the system directly. When CIARDS is so amended, the process involves only the Act of Congress and the Agency's amendment of its own regulations. An Executive order is not required. ☐

25X1

S-E-C-R-E-T



THE OMNIBUS BUDGET RECONCILIATION ACT OF 1982

The "Omnibus Budget Reconciliation Act of 1982", (P.L. 97-253) which was enacted 8 September 1982, amends the Civil Service Retirement System in a number of ways. Some of these amendments are specifically made applicable to CIARDS by provisions of the enactment itself. The remainder will amend CIARDS only when the President issues a conforming Executive order ☐ 25X1

A series of so-called "technical amendments" to the provisions of the 8 September 1982 enactment were signed into law 15 October 1982 (P.L. 97.346). These technical amendments contain one substantive change which authorizes use of retirement trust funds for administrative expense incurred in withholding income tax from annuities. ☐ 25X1

The "Omnibus Budget Reconciliation Act of 1982" will result in the following changes in CIARDS:

1. The period for determining restored earning capacity for disability annuitants will be shortened from two years to one year, and annuity after restoration will be continued for 180 days instead of one year.
2. Future interest rates on deposits, redeposits, and voluntary contributions will be determined for each year by the average yield on new CSR Fund investments. The present interest rate is 3 percent a year.
3. A refund of retirement deductions will not be payable unless an employee has been separated from service or transferred to another retirement system for at least thirty-one consecutive days.
4. Annuities will be rounded down to the next lower dollar, rather than to the nearest dollar as at present.
5. Disability, survivor, and involuntary separation annuities will still commence the day after pay stops. All other annuities will commence the first day of the month after pay stops or after all conditions for eligibility have been met.
6. The provisions for crediting post-1956 military service will be changed.

S-E-C-R-E-T

- a. Present annuitants will have their after-62 annuities reduced by the portion of their Social Security benefit attributable to post-1956 military service.
  - b. New employees will not receive credit for post-1956 military service unless they make a deposit equal to 7% of the military pay received, plus interest if deposit is delayed longer than two years.
  - c. Present employees may either make the deposit for military service or have the post-1956 military service deleted from the computation of annuity payable after age 62.
7. Early retirement based on involuntary separation will not be permitted if an employee declined a reasonable offer of another position, and early voluntary retirement will be permitted only during a reorganization, reduction in force, or transfer of function which is major.
  8. For the fiscal years 1983, 1984, and 1985, annuitants under age 62 (except disability and survivor annuitants) will receive cost-of-living adjustments equal to only one half of the assumed increase in the price index, plus any increase in excess of the assumed rate. Assumed CPI increases are 6.6 percent for 1983, 7.2 percent for 1984, and 6.6 percent for 1985.
  9. Cost-of-living adjustments in annuities are now effective 1 March of each year. These adjustments will be effective 1 April 1983, 1 May 1984, and 1 June 1985.
  10. Cost-of-living adjustments will not be permitted to increase an annuity beyond the greater of:
    - a. The maximum rate payable to a GS-15 employee, or
    - b. The final or average pay of the retired employee increased by the total percentage of average adjustments in GS pay since annuity commenced.

25X1

S-E-C-R-E-T

THE CENTRAL INTELLIGENCE AGENCY SPOUSES' RETIREMENT EQUITY ACT OF 1982

The CIA Spouses' Retirement Equity Act of 1982 was enacted by Title VI of Public Law 97-269 approved 27 September 1982. It directly amends CIARDS without need for a conforming Executive order, and is patterned after similar legislation amending the Foreign Service Retirement System in 1980 ☐ 25X1

The legislation is designed to afford some financial protection to a former spouse who:

1. Was divorced from the employee on or after 15 November 1982;
2. Was married to the employee for at least ten years during the period of creditable service; and,
3. Lived outside the United States for at least five years of the creditable service. ☐ 25X1

Where these conditions have been met, the former spouse is entitled to a pro-rata share of the employee's retirement annuity, survivor benefits, and lump sum benefits paid from the retirement fund. The employee may choose to provide for the former spouse by election or by purchase of a survivor annuity, or a court may order a disposition other than what is spelled out in the Act. ☐ 25X1

This amendment also authorizes a refund or other beneficial disposition of retirement deductions made after an employee has completed 35 years of creditable service, subject to the rights of a former spouse. ☐ 25X1

S-E-C-R-E-T

THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

Under prior law, Federal income tax was not withheld from the monthly checks of an annuitant unless he or she requested withholding and specified the dollar amount to be withheld.

25X1

The "Tax Equity and Fiscal Responsibility Act of 1982" (Public Law 97-248) reverses this process. The new law requires withholding, and assumes the annuitant is married and has three dependents, unless the annuitant:

1. Elects to have no withholding;
2. Elects to have withholding in a specified dollar amount; or,
3. Files the proper form to specify the number of dependents for withholding purposes.

25X1

The new law applies to payments made on and after 1 January 1983.

25X1

S-E-C-R-E-T

EXECUTIVE ORDERS

During the fiscal year ending 30 September 1982 there were no Executive orders issued to conform CIARDS to legislation enacted to amend the Civil Service Retirement System.

25X1

AGENCY REGULATIONS

On 30 September 1981 the Agency issued extensive revisions in Regulations  to reflect conforming amendments to CIARDS effected by Executive Orders 12253, 12273, and 12326. These amendments were described in some detail in the report for the fiscal year ending 30 September 1981.

25X1

25X1

By letters dated 25 January 1982 the Agency notified the Chairmen of the Senate Select Committee on Intelligence and the House Permanent Select Committee on Intelligence of the revisions to the Agency's regulations.

25X1

S-E-C-R-E-T

- 19 -

PART III  
STATISTICAL DATA

The end results of the Agency's administration of CIARDS are reflected in the statistics. The tables that follow show much of what happened during the fiscal year, with figures for other years shown where appropriate for purposes of comparison and perspective.

25X1

Some discussion of the tables may be helpful.

25X1

PARTICIPATION IN CIARDS

Congress and the Agency intended that participation in CIARDS would be limited to about 30 percent of Agency employees. When the System began in 1965, the Agency adopted a policy of designating employees with as little as eighteen months of qualifying service, and of later removing employees from participation if they failed to meet further service requirements. Under this policy, participation began to exceed 30 percent by 1971, and reached a peak of 34.6 percent in 1974.

25X1

In 1976 the policy was changed and employees were then designated only after they had completed at least sixty months of qualifying service. Since sixty months is also the number required for permanent participation, this policy change resulted in a phase-out of the process of periodic reviews of participants and of removals for lack of sufficient qualifying service.

25X1

The review and removal process has now been completed. The last  employees with less than sixty months of qualifying service were finally removed from CIARDS in this past fiscal year.

25X1

25X1

As of 30 September 1982 the percentage of Agency employees participating in CIARDS reached a new low of 20.4 percent, down from 20.8 percent a year ago. It is doubtful if participation will drop much further, if at all.

S-E-C-R-E-T

The percentage will probably stay in the range of 20 to 22 percent for the foreseeable future. The one factor which could affect this percentage would be a major change in the number of Agency employees who serve overseas. See TABLE I.  25X1

#### DESIGNATIONS AND REMOVALS

The number of employees designated for CIARDS participation increased during the year, and was the highest of any year since 1976. Designations have been reduced in number in the intervening years because of the 1976 policy change that requires at least sixty months of qualifying service for participation. As additional employees complete the sixty months, designations in future years should stay about the present level, or perhaps somewhat higher.  25X1

The last  employees with less than the sixty months of qualifying service required for permanent participation were removed from CIARDS during the fiscal year. There should be no removals in future years except in the unlikely event an employee should refuse to honor his or her commitment to serve anywhere in the world as required. See TABLE 2.  25X1

#### CIARDS PARTICIPATION BASED ON DOMESTIC SERVICE

employees applied for CIARDS participation in F.Y. 1982, at least partly on the basis of qualifying service.  of these applications were approved, an approval rate of 87 percent. For all years since 1965, the approval rate has averaged 74 percent. Only  employee appealed the disapproval, and the disapproval was sustained by the Director of Central Intelligence. The  appeals that were pending at the end of F.Y. 1981 were also sustained during the current year. Only  disapprovals have been reversed on appeal in seventeen years. See TABLE 3.  25X1 25X1 25X1 25X1

S-E-C-R-E-T

CIARDS RETIREMENT ELIGIBILITY

One year ago 35 percent of CIARDS participants were eligible to retire, either voluntarily or if involuntarily separated. As of 30 September 1982 this percentage remained almost the same, at 36 percent. Twenty-one percent were eligible for voluntary retirement, and the increase of one percent was in those eligible if involuntarily separated. See TABLE 4.

25X1

RETIREMENTS IN FISCAL YEAR 1982

Eighty percent of all CIARDS retirements were from the Directorates of Operations and Administration. Another 18 percent were from Science and Technology. The total of  CIARDS retirements exceeded the  retirements under the Civil Service Retirement System. See TABLE 5.

25X1; 25X1

25X1

During the year  or 67 percent of the retirees under CIARDS were at the ages of 50 through 55, while  or 52 percent of CSR retirees were at ages 55 through 60. Under CIARDS employees may retire at or after age 50 with at least 20 years of service. Civil Service Retirement permits optional retirement at age 55 with 30 or more years of service. See TABLE 6.

25X1

25X1

25X1

Employees retiring under CIARDS had completed an average of 28.8 years of service. Of the  who retired,  or 90 percent had 25 or more years of service, and  or 47 percent had 30 years or more. See TABLE 7. (C)

25X1

25X1

25X1

Of the  employees who retired at age 50 under CIARDS, all had more than the minimum of 20 years of service needed to qualify.  or 96 percent, had 25 years or more. See TABLE 8.

25X1

25X1

RETIREMENTS FROM 1965 to 30 SEPTEMBER 1982

A total of  employees have retired under CIARDS since the System began. Another  participants have died in service. Of those who retired 67 percent have done so voluntarily; 15 percent have been involuntarily separated; 11 percent have retired because of disability; and only 7 percent

25X1

25X1

S-E-C-R-E-T



have been mandatorily retired because of age. Only  employees have received deferred annuity based on separations that occurred before meeting the requirements for immediate annuity. See TABLE 9.  25X1

Agency employees retiring under Civil Service Retirement have numbered  in the years 1965 through 1982. Of these, 39 percent were optional retirements, 29 percent were based on discontinued service, 20 percent were for disability. Only 12 percent were mandatory for age, and the last age retirement occurred in 1978, the year the provision was repealed. See TABLE 10.  25X1

Fifty-three percent of Agency employees who retired during F.Y. 1982 did so under CIARDS. There have been more retirements under CIARDS than under Civil Service Retirement in each year since 1975. See TABLE 11.  25X1

The average age of employees at retirement was down slightly for the current year. CIARDS retirees averaged 52.8 years of age, while CSR retirees averaged 56.9, or 4.1 years older. See TABLE 12.  25X1

Eight percent of Agency employees retiring under CIARDS were under age 50, and the other 92 percent were ages 50 through 60. There were none over age 60.

Civil Service retirements show 8 percent under age 50, 65 percent ages 50 through 60, and 27 percent over age 60. See TABLE 13.  25X1

The percentage of employees retiring under CIARDS at grades GS-12 (or equivalent) and over dropped from 77 percent in 1981 to 72 percent in 1982.

The percentage of CSR retirees at GS-12 and above decreased from 69 percent in 1981 to 61 percent in 1982. See TABLE 14 and 15.  25X1

#### QUALIFYING SERVICE

Since the Central Intelligence Agency Retirement and Disability System was established by legislation in 1964, only  Agency employees, less than 1 percent of all retirees, have retired on the basis of 60 months of domestic 25X1

S-E-C-R-E-T

qualifying service. All the rest have had overseas service, including [ ] employees whose overseas service totalled 60 months or more. [ ] employees have qualified by using a combination of domestic and overseas service. [ ]

All overseas service is qualifying for CIARDS, whether on temporary duty or permanent assignment, and regardless of location or type of duties. All overseas service is counted, even when it exceeds the 60 months needed for CIARDS participation. [ ]

Domestic service, on the other hand, is qualifying only when it meets rigid standards of security or personal hazard. Domestic service is counted only if it is needed to satisfy the 60 month requirement, and is never counted beyond the 60 months. For example, if an employee had 40 months of overseas service, and 100 months of domestic service that would meet the rigid standards, he or she would be credited with only the 20 months of domestic service that, when added to the overseas service, would bring the total to 60 months. Almost half of all retirees who needed some domestic service to qualify for CIARDS already had at least three years of service overseas [ ]

[ ] employees have had more than 25 years of overseas service, including [ ] employee whose record shows 27 years and 10 months. See TABLES 16, 17, and 18. [ ]

#### AGE COMPARISONS

TABLES 19, 20, 21, and 22 provide comparisons of age and grade data for active employees, with like data for selected past years and with projections into future years. [ ]

S-E-C-R-E-T

**Page Denied**

Next 19 Page(s) In Document Denied

PART IV

FINDINGS AND CONCLUSION

FINDINGS

1. About twenty percent of Agency employees are participants in the Central Intelligence Agency Retirement and Disability System. This is well below the thirty percent participation originally envisioned by the Congressional Committees and by the Agency. ☐ 25X1

2. For the eighth consecutive year, more Agency employees have retired under CIARDS than under Civil Service Retirement. ☐ 25X1

3. The CIA Retirement Board continues to guide the Agency's exercise of discretion in designating employees for participation in CIARDS. The Chairman and the four other Members continue to observe very carefully the strict requirements of the law, the regulations, and established Agency policies in recommending to the Director of Personnel whether specific periods of service be approved as qualifying. It is significant that only ☐ disapprovals of 25X1 domestic service have been reversed on appeal since the System was established in 1964. ☐ 25X1

4. The primary thrust of amendatory retirement legislation enacted during the year was to reduce budget outlays and to lower future retirement incomes. There were no changes in the law, the regulations, or in Agency policy that will have any bearing on the exercise of discretion to designate employees for participation in CIARDS. ☐ 25X1

5. The processing of Executive orders and changes in Agency regulations to reflect 1982 legislation is in process, but has not yet been completed. ☐ 25X1

S-E-C-R-E-T

CONCLUSION

Recommendations by the Central Intelligence Agency Retirement Board and decisions by the Director of Personnel throughout the fiscal year ending 30 September 1982 were in strict observance of the law, the regulations, and established Agency policies. Verbatim transcripts of meetings of the Retirement Board reflect a clear intent to continue to administer CIARDS as a retirement system for a limited number of Agency employees. [REDACTED]

25X1

The fact that only about twenty percent of employees are currently CIARDS participants gives clear evidence of the Agency's understanding that the Congress intended the System to be maintained for no more than about 30 percent of employees. [REDACTED]

25X1

In summary, the Agency has continued to administer the Central Intelligence Agency Retirement and Disability System in strict compliance with the law, the regulations, and established policies. Discretion to designate employees for participation and to approve service as qualifying has been exercised in a manner totally consistent with the intent of Congress. [REDACTED]

25X1

A thorough review has disclosed no deviations or exceptions. [REDACTED]

25X1

S-E-C-R-E-T

S-E-C-R-E-T

Approved For Release 2008/01/16 : CIA-RDP84B00148R000300690008-1

S-E-C-R-E-T

Approved For Release 2008/01/16 : CIA-RDP84B00148R000300690008-1